

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-02 PRS-01 SS-15 STR-04 CEA-01 /103 W

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P R 062211Z OCT 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2133

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS LIMA 9165

EO 11652: NA

TAGS: ECIN,EALR,BL,CI,CO,EC,PE,VE

SUBJ: CHILE BEGINS FORMAL WITHDRAWAL FROM ANDEAN PACT

REF: LIMA 9127

1. SUMMARY: LATE IN THE EVENING OF OCTOBER 5, THE ANDEAN PACT COMMISSIONERS SIGNED A NEW ADDITIONAL PROTOCOL TO THE AGREEMENT OF CARTAGENA. THIS PROTOCOL GIVES THE FIVE-MEMBER MAJORITY AND CHILE 24 DAYS TO WORK OUT A MEANS FOR CHILE TO RETAIN A VAGUE ASSOCIATE STATUS. IF AGREEMENT IS NOT REACHED IN THAT PERIOD, IT WOULD APPEAR THAT CHILE WILL THEN FORMALLY WITHDRAW FROM THE PACT. WHATEVER THE FINAL RESULTS, RECENT EVENTS HAVE LEFT THE PACT SEVERELY WEAKENED. END SUMMARY.

2. AFTER TWO FULL DAYS OF INTENSE PRIVATE NEGOTIATIONS WHICH ENDED AT 11:00 P.M., OCTOBER 5, THE ANDEAN PACT COMMISSIONERS ACKNOWLEDGED THAT THE DIFFERENCES BETWEEN CHILE AND THE REMAINING FIVE WERE SO GREAT THAT CHILE

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COULD NO LONGER FUNCTION AS A FULL MEMBER. THE

ACKNOWLEDGEMENT TOOK THE FORM OF A SECOND ADDITIONAL PROTOCOL TO THE ACCORDS OF CARTAGENA (UNOFFICIAL TRANSLATION BEING SENT SEPTTEL). THE PROTOCOL CALLS FOR THE CREATION OF A SPECIAL COMMITTEE COMPOSED OF THE FIVE ON THE ONE HAND AND CHILE ON THE OTHER. BY OCTOBER 30 THE TWO FACTIONS ARE TO AGREE ON A SPECIAL SYSTEM OF LIMITED TERM WHICH WOULD DEFINE THE RIGHTS AND OBLIGATIONS OF THE SIX-MEMBER COUNTRIES.

3. THE SECOND ARTICLE OF THE PROTOCOL PROVIDES THAT IF AGREEMENT IS NOT REACHED BY OCTOBER 30, CHILE WILL WITHDRAW FROM THE PACT, RENOUNCING ALL RIGHTS AND OBLIGATIONS UNDER THE ACCORD OF CARTAGENA AS OF THAT DATE. THE ONLY EXCEPTIONS ARE THOSE RIGHTS AND OBLIGATIONS DERIVED FROM DECISIONS 40, 46, 56, AND 94 WHICH WILL REMAIN IN FULL FORCE. THESE DESIGNATED DECISIONS PERTAIN TO DOUBLE TAXATION, ANDEAN REGIONAL MULTINATIONAL ENTERPRISES, REGIONAL HIGHWAY TRANSPORT, AND THE ANDEAN NETWORK OF MAJOR HIGHWAYS.

4. COMMENTS: A) THE PACT THUS WILL BE VENTURING INTO UNCHARTED LEGAL WATERS, PARTICULARLY IF THE MEMBERS FAIL TO WORK OUT A TEMPORARY SPECIAL REGIME FOR CHILE. ARTICLE 111 OF THE BASIC ACCORD PROVIDES THAT THE ADVANTAGES EXTENDED UNDER THE LIBERATION PROGRAM SHALL REMAIN IN EFFECT FIVE YEARS AFTER A DENUNCIATION UNLESS THE WITHDRAWING COUNTRY REQUESTS A SHORTER PERIOD AND THE COMMISSION AGREES. THE SAME ARTICLE SAYS THAT IN THE CASE OF THE SECTORIAL PROGRAMS OF INDUSTRIAL DEVELOPMENT (SPID), ARTICLE 34(G) APPLIES. THIS ARTICLE PROVIDES THAT IN CASE OF DENUNCIATION THE RIGHTS AND OBLIGATIONS WILL CONTINUE FOR THE PERIOD SPECIFIED IN THE SPID. IN THE CASE OF THE METAL WORKING SPID (DECISION 57), CONCESSIONS WOULD PRESUMABLY CONTINUE FOR FIVE YEARS SINCE THERE IS NO PROVISION FOR DENUNCIATION. THE PETROCHEMICAL SPID (DECISION 91 WHICH MAY HAVE ONLY BEEN RATIFIED BY PERU AND CHILE) SPECIFIES THAT THE RIGHTS AND OBLIGATIONS WILL REMAIN VALID UNTIL DECEMBER 31, 1991, IN CASE OF DENUNCIATION. ON THE OTHER HAND, IF THE MEMBERS ARE TO REACH

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AGREEMENT IN THE BRIEF PERIOD GIVEN THEM, THEY MUST DRAFT THE RULES FOR SOME SORT OF "ASSOCIATE" MEMBERSHIP VIRTUALLY FROM SCRATCH. B) WE NOT WHAT MAY BE A REFLECTION OF CHILE'S PESSIMISM ON THE PROSPECTS FOR SURMOUNTING THESE DIFFICULTIES IN THE FORM OF AN EFE WIRE SERVICE STORY CARRIED HERE AND DATELINED SANTIAGO OCTOBER 2. THE ITEM NOTES CHILEAN PLANS TO BE THE FIRST COUNTRY TO JOIN THE PLATA BASIN GROUP AS AN

OBSERVER. C) THERE HAS BEEN NO OFFICIAL REACTION TO THESE EVENTS YET. COLOMBIAN MINISTER, DIEGO MORENO JARAMILLO, AS PRESIDENT OF THE COMMISSION, OBSERVED TO THE PRESS THAT THE AGREED PROTOCOL PROVIDED THE PACT WITH A SOLUTION SUITABLE TO BOTH SIDES AND ASSURED THAT THE REMAINING FIVE WOULD CONTINUE THE INTEGRATION PROCESS. WHATEVER SIMILAR BRAVE WORDS MAY BE HEARD IN THE NEXT FEW DAYS, IT IS CLEAR THAT RECENT EVENTS HAVE LEFT THE PACT SEVERELY WEAKENED.
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